

Poverty by acronym in Australia: welcome to CIM, VIM, PBIM, CPIM and SEAM

Mike Dee

School of Public Health and Social Work, Queensland University of Technology

Abstract

This paper discusses Compulsory Income Management (CIM) in Australia and the implications of technology backed forms of surveillance and increasingly conditional benefit payments. The CIM project raises important questions about requiring people to take greater responsibility for their personal behaviour when they no longer have control over key financial aspects of their lives. Some Indigenous communities have resisted the BasicsCard, because CIM was imposed with little prior consultation or subsequent independent evaluation. The compulsory income management of individuals by a paternalist welfare state contradicts and undermines the purported policy aims that they become less welfare dependent and more positively engaged with the world of paid employment and does little to address the growing condition of poverty in Australia.

Keywords: Activation, BasicsCard, Income Management, Poverty, Policy, Welfare

Introduction

This paper begins by outlining neoliberal inspired welfare reform policies, a feature of successive labor and coalition governments, concerned with restricting and reframing access to social welfare in general and, specifically, income support payments. Within the rubric of encouraging self-reliance and achieving a national budgetary surplus, the worlds 'most

reversible' welfare state (Castles 1989:30) has with occasional exceptions, become more constrained, restrictive and in populist terms, leaner, meaner and tougher (Kelly 2014).

The focus is then on the *BasicsCard*, as Australia was the first country in the world to enact this system of Compulsory Income Management (CIM) introduced by the Howard Government in the 2007 Northern Territory Emergency Response (NTER). This paper reflects the key conference theme of challenging institutions, as current welfare reform proposals require substantial scrutiny and critique, in keeping with the rigour of the sociological imagination.

The Australian welfare policy context

Attempts at welfare reform span thirty years of eroding post war assumptions of social citizenship rights to welfare on a broad range of fronts in health, education, housing and the workplace. The high tide of the post war welfare state may be held as the 1972 Whitlam Government with its panoply of social democratic policies including Indigenous land rights, health care, women's rights, free university education and withdrawal from the Vietnam War (Kennedy 1982; Bryson 1992). Its demise and the subsequent 1975 election of the Fraser government with its pledge to 'end the handout culture' marked the nadir of the welfare state as a positive, expansive and supportive entity (Marston et al. 2014). Then came the long journey through the Western economic crises of the 1970s and 80s in Thatcherism, the New Right, Reaganomics and economic rationalism in Australia via the Hawke and Keating governments, whereby the language of social security entitlements dissipated into the conditionality and paternalism of *allowances* (Pusey 1991; McClelland and Smyth 2014).

Current social policy discourses seemingly support the Australian belief in a 'fair go' for all, with its mythic emblems of sacrifice in World Wars leading to a unifying national spirit of

being ‘lifters not leaners’ (Kelly 2014), with a compassionate side for the disadvantaged, or as former Prime Minister Howard put it, those living on ‘struggle street’ (cited in Karvelas 2011). However and despite this apparent commitment to the welfare state, social policy over recent decades (in both Labor and Coalition hands) has become paternalistic in tone and sclerotic by design. In tandem with the UK and US, the teachings of Murray (1990) and particularly Mead (1997), on paternalistic welfare and the proffered obligation to ‘alter patterns of life’ (1997:23) and individual behaviours ‘through directive and supervisory means’ (1997:2) have been highly influential in creating ‘help and hassle’ and ‘tough love’ programs (Mendes 2004:42; Hall 2011).

Former Prime Minister Gillard pledged to end the ‘corrosive’ effects of welfare dependency noting the ‘dignity and purpose of work’ and that ‘Men are fighting for Australia today. Those who are not fighting have no excuse for not working’ (Gillard 2011:5). Much of this approach relies on the divisive targeting and othering of sub groups within society, such as young people and lone parents (usually women) aided by a generally collusive mass media, hungry for revelations of welfare fraud confectioned into ‘debate’ around the need for widespread and harsh welfare reforms (Adler 2013: 232). Partly as a result of the construction of the ‘welfare dependent scrounger’ in both Australia and the UK, welfare reforms, combining conditionality with activation and sanctions, apply to an increasing range of claimants previously considered off-limits for harsh labour market or so called inclusion measures, such as those with mental health issues, some disabled people, single parents, the aged and drug users, often with negative outcomes for employers and would be employees alike (Adler 2013:229).

This reflects a heightened interest in ‘location based initiatives’ or programs targeting ‘cluster groups’ in particular geographical locations (Buckmaster 2011:3), in an attempt to end the spectre of welfare dependency through the enforcement of a veritable arsenal of ‘measures’ imposed on ‘disengaged youth’ and also ‘long-term welfare recipients’ (Australian National Audit Office 2011: 47). Prime Minister Tony Abbott when Minister for Employment Participation in the Howard government, talked of ‘job snobs’ and called for tough measures to deal with the unemployed, arguing that ‘people are poor or unemployed due to incompetence or immorality’ (Mendes 2004:1).

A case in point is the Abbott government’s budget proposals to restrict Newstart (unemployment benefit) to the under 30s, with no payment for 6 months. This would affect up to 730,000 young people if they do not take up the severely restricted ‘choice’ of ‘earning or learning’ (Kelly 2014). There is also a revived Work for the Dole and Green Army scheme in the budget plan, to prepare participants for an imagined ‘real’ world of work.

The emerging metaphor is that of the ‘couch’ and the alleged horrors of young people aged under 30 and also controversially, some disabled young people, apparently sitting on couches (according to Social Services Minister, Kevin Andrews in launching the McClure report on welfare reform), ‘waiting for their dole cheque to arrive’ (Andrews 2014; McClure 2014). In a maelstrom of off-key budget time observations, the image of the couch and unproductive young people looms large as an attempt to generate populist support for divisive and evidentially flawed policies and as Jones and Novak (1999:64) note from similar, earlier events in the UK, the broad policy trajectory is ‘unrelenting and peculiarly vicious’ (1999:66):

The assault on young people has involved the imposition of new work disciplines, lower expectations in terms of both social security benefits and job security, pay and conditions, and a sexual, social and moral agenda that the neoliberal project has pursued in the face of both uncertain evidence and immense hardship to some of the most vulnerable of the young.

Within the Australian polity there is a marked convergence in tightly drawn concentric circles of so called 'bipartisan support' across a number of policy areas, for example on asylum seekers, criminal justice and social welfare, that sees the conservative parties drift further to the right and a labor party under then leader Gillard, denying the party's social democratic antecedence, assuming a facsimile of conservative policy making. This was the case in changes to benefits for single parents, moving over 83,000 to the lower, conditional Newstart with the stated rationale of 'incentivising' recipients to engage with the job market (and the less trumpeted aim of cutting social expenditure to achieve a budget surplus) ignoring ample evidence that many claimants, women especially, already work, 'earning' their poverty through low pay, poor conditions and often, multiple jobs (Karvelas 2013; Australian Council of Social Service 2013). Alongside a refusal to increase the rate of Newstart, for VanBadham (2014) these policy decisions indicate a political party in need of refurbishment:

Scapegoating single mothers as cost-centres of welfare largesse accords perfectly to ancient, evidence-free, conservative urban legends of girls who only get pregnant to get the dole, and other furbies of insubstantial anecdotal data brayed about on talkback any day of the week. By indulging that mythology in policy-making that's antithetical to its stated beliefs, Labor broadcasts an opportunism that manifests its political brand as hypocritical and untrustworthy.

Background to CIM

Introduced by the Howard government in 2007, the Northern Territory Emergency Response (NTER) was and remains, a controversial assortment of interventions to address issues broached in the 2007 Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse (Billings 2011; Cox 2011). The resultant *Little Children are Sacred* report

recommended against CIM, yet the government pressed ahead with so called emergency measures including suspending the Racial Discrimination Act (1975) in order to specifically target Indigenous communities for CIM, health checks and the closure of community employment programs (Wild and Anderson 2007; Cox 2011).

The key delivery vehicle for CIM since 2008, the BasicsCard (introduced by the Rudd government) is a Personal Identification Number (PIN) protected Electronic Funds Transfer at Point of Sale (EFTPOS) card manufactured for the Australian government (Australian National Audit Office 2011; 2012). As one element of the NTER, CIM operates by ‘quarantining’ a proportion of a person’s social security payments (including Newstart Allowance, Youth Allowance, Parenting Payment, Sickness Benefit and Special Benefit) to a specialised IM account (ACOSS 2010; Billings 2011; Mendes 2012; Mendes et al.2013).

CIM is described in official guidance suggesting that: ‘Many people experience tough times, and some need a bit of extra help at certain points in their life to get back on their feet.

Income management is one way to help people manage and get control of their lives by directing funds to their priority needs’ and further, income management seeks to:

- ‘ensure that priority needs of the individual, their children and other dependents are met
- strengthen participants' financial capability and skills to reduce risk of hardship and crisis
- provide stability to enable disadvantaged people to better engage with the community, employment and education

- promote socially responsible behaviour, particularly in relation to children
- reduce the amount of funds available to be spent on excluded goods, including alcohol, home brew kits, home brew concentrates, tobacco products, pornographic material and gambling goods and activities' (<http://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/income-management>).

CIM has morphed into a complex array of boutique, individualised activation, surveillance and intervention measures (Dee 2013) affecting around 20,000 'eligible' people due to being in receipt of benefits, as follows:

1. The Vulnerable Welfare Payment Recipients Measure (VWPR): Benefit recipients in the Northern Territory are referred for IM by a department social worker on grounds of mental health issues, family violence or poor financial management;
2. Voluntary Income Management (VIM): Welfare recipients in the Northern Territory and in other locations 'choose' to be income managed and have a smaller proportion of their payment, fifty per cent, allocated to the BasicsCard than if they are formerly referred, when the proportion is seventy per cent;
3. Child Protection Measure (CPIM): Benefit recipients in the Northern Territory and parts of Western Australia including Perth, are subject to this measure if they neglect or abuse their children or do not ensure their attendance at school;

4. Queensland Government (Welfare Reform) measure: This is for those who live in Cape York and nearby communities, considered by the local statutory Family Responsibilities Commission to require CIM due to various forms of dysfunctional behaviour;

5. The School Enrolment and School Attendance Measure (SEAM), is imposed on parents who do not ensure that their child is enrolled and regularly attends school;

6. Place-Based Income Management (PBIM): This measure is part of the Federal government's Building Australia's Future Workforce program and affects recipients of income support or Department of Veteran's Affairs payments in the five trial sites of Bankstown, (New South Wales), Logan, Rockhampton and Livingstone (Queensland), Playford, (South Australia) and Greater Shepparton (Victoria) who are referred for the Vulnerable Welfare Payment Recipients Measure (VWPR) or Child Protection Measure (CPIM) or who 'choose' the voluntary route, or VIM.

(<http://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/income-management>)

This has been a brief sketching out of the cacophony of measures forming the Australian Income Management project that has both compulsory and so called 'voluntary' aspects to it. IM is described unctuously in Centrelink explanatory brochures as 'a budgeting tool' and also 'a way for the Government to help people manage their Centrelink money and ensure they are getting the things they need such as food and clothing' and as a central ingredient to 'promote long term economic participation in 10 of the nations most disadvantaged communities' as well as a part of 'welfare reform' and an antidote to 'passive welfare

dependency' (<http://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/income-management>). The topic of poverty is not mentioned (Cowling 2011).

Central questions about CIM relate to its stated aims, noted by Mendes et al. (2013) as being poorly constructed, from 'financial literacy' and budgeting tips and classes, to expansive and aspirational social engineering ambitions of 'rebuilding positive social norms, promoting self-reliance and responsibility and improving parenting skills', providing they result in regular school attendance (Mendes et al. 2013:4):

These ambitious aims appear problematic and present a serious challenge to evaluators. Welfare dependency is arguably a nebulous and indeterminate psychological concept that cannot be tested in the real world. Rather, it assumes an ideal world in which anyone who wants work can find work at a living wage, and all citizens enjoy equal opportunities from the time of birth. In contrast, the real world is based on social and economic inclusion and exclusion and fundamental inequities.

Key critiques of CIM are that it is costly on a range of fronts, with implementation and ongoing administration estimated by the Commonwealth Parliamentary Library costing over \$1billion by 2015 and up to \$7,900 per person each year (Kelly 2014). The recent Forrester Report potentially moves CIM several stages further than the current state of play with CIM extended to all claimants except 'aged pensioners and veterans' and towards a 'cashless world' where all benefit monies are loaded onto a 'healthy welfare' card administered by banks, for the purchase of permitted goods only (Karvelas 2014). The extension of CIM in this way radiates with distrust of the poor, conforming to Friedman's (1962) advocacy of vouchers for the public provision of welfare services.

Arguably, this expenditure could be better disbursed on a range of community based health and other services that actually support people in surviving their key problem-poverty-rather

than 'bad' budgeting (Stanford and Taylor 2013; National Welfare Rights Network 2014). CIM also suggests that Indigenous people and their culture are 'exclusively responsible for problems within their communities' (Yu et al. 2010:19), it leaves the problems of poverty and disadvantage largely untouched, and has a deep resonance with earlier times of oppressive control and surveillance (Cox 2011: 39-40).

This legacy of oppression is all the more pernicious as the NTER was rolled out with little respect for Indigenous practices and culture, reverberating all too powerfully with 'a long history of paternalistic welfare practice by governments towards Indigenous Australians that has seriously undermined their wellbeing' (Mendes et al.2013:5). There is little credible evidence that CIM even meets its own intended welfare-to-work outcomes, including 'better management of finances in the long term', moving people into employment, or reducing unemployment or long term reliance on welfare payments (Brimblecombe et al. 2010: 549). CIM may also lead to additional mental health and other problems (Aboriginal Medical Services Alliance of the Northern Territory 2010).

In a case of policy transfer between neighbouring conservative administrations, the New Zealand government has introduced a version of CIM for 'Youth Service Package' recipients (Fletcher et al. 2013:1). By targeting these claimants, being young people aged 16-17 without parental support and young parents aged 16-18, some of the most vulnerable people in society may be potentially deterred from claiming their entitlements, as a deliberate policy aim (Fletcher et al. 2013). The assertion of defective budgeting skills on the part of some young people, (as with CIM and the VWPRM in Australia), provides little supporting evidence for a 'blanket' imposition of CIM on young people in New Zealand and may also work in a perverse way to hinder their individual financial management due to its severely

restricted scope (Fletcher et al. 2013). The UK government, inspired by the apparent success of the BasicsCard in Australia, is considering imposing a version of a similar, Oyster (transport) style card on up to 120,000 families identified officially, as ‘troubled’ (Hope 2012), in the relentless pursuit of those deemed enmeshed in ‘intergenerational cultures of worklessness’ (Macdonald et al. 2013:6).

Conclusion

This paper has discussed the intricacies of Compulsory Income Management in Australia. A key lesson from the Australian experience of CIM for admiring overseas welfare administrators, is that flexible and genuinely *voluntary* forms of income management, alongside increases in benefit rates and the provision of and investment in, a range of ongoing community based support services would be far more effective in addressing poverty and structural disadvantage, than so called ‘welfare reform’ policies, hastily conceived and rolled out without mindful attention to the difficulties of local implementation (Marston et al.2014).

The lingua franca of CIM talks of recipients taking control of their lives yet through its storehouse of ‘measures’ it removes personal dignity, autonomy and control, substituting powerlessness and dependence instead. Genuine welfare reform could, instead of recycling jaded notions around the work ethic and the alleged dignity of minimum waged labour in ‘any’ job (Cunningham, and Cunningham 2014) help boost the economy as Scott (2006) has noted from Scandinavian welfare policies, rather than the neoliberal notion of welfare as a burden on the state (Levitas 2012).

A truly modern welfare state could be responsive and supportive in challenging economic times, by ensuring that entitlements are not pared back or eligibility criteria for benefits drawn narrowly to prevent many getting income support, or Newstart claimants required to apply for up to forty jobs a month because an increasingly revanchist government deems it necessary and even good sport, as the unemployment rate, especially for young people, is rising (Karvelas 2014).

The Australian Association of Social Workers (AASW 2012) argued in submissions to the previous and current government, for a guaranteed minimum income that ‘ensures that no Australian lives in poverty through a no-fault special benefits and allowances system’. This a proposal whose time has not quite come, but may be the shape of genuinely progressive, anti-discriminatory and productive welfare states of the future.

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